

Ex. C

(1 of 4)


COPY

IN THE COURT OF COMMON PLEAS OF
ALLEGHENY COUNTY, PENNSYLVANIA

-----X
EDWARD W. IHNAT,

Plaintiff,

v.

CIVIL DIVISION

GD 94-17465

-----X
JOHN A. POVER, MARK
BATTALINE, WILLIAM J.
BYTZURA, and METROPOLITAN
LIFE INSURANCE COMPANY,

Defendants.
-----X

9:45 a.m.

October 1, 2002

300 Park Avenue
New York, New York

CONTINUED DEPOSITION UPON ORAL EXAMINATION
of WILHELMENIA J. TAYLOR, Corporate Designee,
taken by PLAINTIFF, before ALBERT M. CITTONE, a
Certified Court Reporter and Notary Public of the
State of New York.

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WILHELMENIA TAYLOR, having previously

3

been sworn, continues testifying

4

under oath as follows:

5

6

CONTINUED DIRECT EXAMINATION BY MR. BARTHOLOMAEI:

7

Q Ms. Taylor, we're going to continue

8

your deposition which abruptly ended last week

9

because I wasn't feeling well and I apologize for

10

that again. I wanted to continue with this

11

document which was previously marked as Taylor

12

Exhibit 1, which is the Proposed Strategy for the

13

Accelerated Payment Plan.

14

I wanted to ask you about a section

15

on page three. Do you need a minute to review

16

this again?

17

A No. You can go ahead.

18

Q This page, looks like it begins to

19

identify some problems. There is a heading that

20

says:

21

"Problem #1: Prospectus,

22

Policyholders and Account Reps Do Not Have a Clear

23

Understanding of the APP Arrangement".

24

What study was done to determine that

25

the prospects policyholders and Account Reps do

1 WILHELMENIA TAYLOR 4

2 not have a clear understanding as to the APP
3 Arrangement?

4 MS. TAYLOR: Objection to form, lack
5 of foundation.

6 A It's my recollection that a study was
7 not necessarily done at Metropolitan Life but we
8 received feedback from members who were working on
9 the APP mechanization process, customer service
10 people, marketing people, people in
11 communications, that they were getting certain
12 questions regarding the APP Arrangement which lead
13 them to believe there may have been some
14 situations where customers either did not remember
15 or did not understand.

16 And we had new representatives that
17 were joining the company and they weren't quite
18 clear sometimes on how the AP Arrangement worked.

19 Q How were the representatives not
20 clear as to how the AP Arrangement worked?

21 MS. TAYLOR: Objection to form.

22 A It's my recollection most of the
23 questions that came in from the reps were
24 representatives who inherited existing customers
25 when they came and joined the company and they

1 WILHELMENIA TAYLOR

2 were servicing these customers and they wanted
3 more information on how the Accelerated Payment
4 worked at Metropolitan Life.

5 Q At this time we are talking about, I
6 believe it's sometime in late '92, early '93, even
7 up to late '93, what training did representatives
8 receive in the workings of the Accelerated Payment
9 Arrangement?

10 A I wasn't involved with the training
11 and I wasn't in the training department. So I
12 can't really speak to the training the reps
13 received and in reviewing the documents, I didn't
14 see information in there specifically about the
15 training that they received.

16 Q Do you know who would know the answer
17 to that question?

18 A No, I do not.

19 Q You just stated that new
20 representatives had some questions about the
21 Accelerated Payment Arrangement where they
22 inherited customers who were already on the
23 accelerated arrangement. What training was
24 provided to those customers, if any, to educate
25 them on how the Accelerated Payment worked?

1 WILHELMENIA TAYLOR

2 MS. TAYLOR: Objection to form: You
3 said training to customers.

4 MR. BARTHOLOMAEI: I'm sorry.

5 Q Representatives, I misspoke?

6 A With respect to the training of the
7 representatives and customers I was speaking
8 about, it wasn't necessarily customers that were
9 on the AP Arrangement. It was customers that were

10 inquiring as to their eligibility, mostly their
11 eligibility for the AP Arrangement, not customers
12 who already operated on the AP Arrangement.

13 Q Was any further training provided to
14 representatives at that time to help answer the
15 customer's questions?

16 A I'm not exactly sure about the date,
17 but this was a time where, I believe it's in the
18 documents, where a brochure was created that
19 discussed the Accelerated Payment Arrangement to
20 be used by the representatives as well as to be
21 able to be given by the customers. There was
22 another brochure that discussed dividends
23 generally and there was an area in that brochure
24 that discussed the Accelerated Payment
25 Arrangement. There was something called Straight

1 WILHELMENIA TAYLOR 7

2 Talk About AP that was provided to
3 representatives.

4 Q During what time period was this?

5 A I'm not exactly sure about the time
6 period. If we look at the documents I can show
7 you what they were.

8 Q Was that in the '90s?

9 A I believe it was the '90s, I can't
10 exactly be sure.

11 Q When you were just talking about
12 feedback, you said feedback came in and questions
13 came in. What does that exactly mean it came in?
14 Where did they come to?

15 A We had 1-800 numbers at Met.
16 Customers would call the 1-800 number and ask
17 questions. Representatives could call what they
18 then described as their head office, the
19 administrative that did the work that had to be
20 done on the policies. Those were the typical ways
21 inquiries would come.

22 Q How did that information come to you?

23 A I was part of a group that was
24 working on the continued mechanization of the
25 accelerated paid process.

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2 Q This is getting back to my first
3 question when I asked you if any type of study was
4 done. Maybe a better question would have been why
5 was this information gathered?

6 A Well, the information, if information
7 came about, it really wasn't gathered. Maybe you
8 would have a group of people on how to mechanize
9 the process.

10 During those discussions if you are
11 designing a form or you are creating letters,
12 people will give their, would give information on
13 what they found or experienced during that time
14 with customers or the reps.

15 Q For example, if policyholders call on
16 the 800 number, has a question about their
17 Accelerated Payment Plan, how did that information
18 eventually get to you?

19 A Members of the customer service unit
20 was part of the group that was working on AP
21 mechanization. During our discussions on how we
22 should either design or redesign letters or
23 communications, discussions came up about what if
24 customers were telling the customer service reps.

25 Q Is this something that was recorded

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2 as far as every time someone would call with an AP
3 question, someone would keep a log and say, okay,
4 I have an AP question, or this person didn't
5 understand their AP might change, things like
6 that?

7 A I don't remember any log.

8 Q How was the information, I used the
9 word "gathered" before, I don't quite understand.

10 I'm sure questions, I'm sure
11 questions come in of all different varieties on
12 the 800 number. By whatever means people are
13 calling in from. Just society in general.

14 How is the group of AP information
15 tabulated or gathered?

16 MS. TAYLOR: Objection as to form.

17 A Again I don't believe it was
18 tabulated and I really can't speak to how the
19 customer service reps were able to bring the
20 information to the table when they were, I should
21 say I'm not sure how the customer service reps
22 were providing this information to the folks that
23 were on the mechanization group, but that group
24 did discuss feedback they got from the customer
25 service reps.

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2 Q Talking about Account Representatives
3 now. What was it the Account Representatives did
4 not have a clear understanding of with respect to
5 the Accelerated Payment Plan?

6 MS. TAYLOR: Objection as to form.

7 A As I said before, the calls in that
8 particular document which basically talked about
9 mostly new representatives who didn't know how the
10 Accelerated Payment process worked at Met. It was
11 a detailed process about the type of forms we had
12 to deplete.

13 Sometimes they weren't privy to the
14 illustration or knew what the customer was told in
15 the first place because they didn't make the sale
16 and now they were servicing the customer's request
17 and they wanted information on how to process that
18 request at Metropolitan Life.

19 Q With respect to policyholders, what
20 was it this study found that policyholders did not
21 understand about the Accelerated Payment Plan?

22 MS. TAYLOR: Objection as to form.

23 The witness couldn't know as to the
24 understanding of the policyholder.

25 MR. BARTHOLOMAEI: I said what did

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2 the study find?

3 MS. TAYLOR: The study couldn't find
4 anything either. I don't think she
5 testified there was a study.

6 MR. BARTHOLOMAEI: I'm referring to
7 Exhibit 1, the proposed strategy for the
8 Accelerated Payment Plan.

9 Q The question was, what was it this
10 document found that policyholders did not have an
11 understanding of with respect to the Accelerated
12 Payment Plan?

13 MS. TAYLOR: Objection as to form.

14 A It's my recollection the members from
15 the customer service unit told a group that
16 customers were using the term "paid-up" when they
17 were calling to Request the Accelerated Payment
18 Arrangement. They seemed to be confused that the
19 policy was paid-up versus being on the Accelerated
20 Payment Arrangement.

21 Q What does paid-up mean?

22 A Paid-up means there are no more
23 premiums required on the policy regardless if it's
24 out-of-pocket, paid by the funds in the policy.
25 There is no premiums required to keep the policy

12

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2 in force.

3 Q Was any investigation done as to if
4 customers had the belief as to their policies
5 being paid-up?

6 MS. TAYLOR: Objection as to form.

7 A I don't believe there was an
8 investigation.

9 Q What was Metropolitan Life's
10 understanding of why customers were coming to form
11 the belief their policies were paid-up?

12 MS. TAYLOR: Objection as to form.

13 A I don't know what Met's belief was.
14 We were just dealing with the information we were
15 having. Customers were using the term "paid-up"
16 in their request for the Accelerated Payment
17 Arrangement, but I don't believe Metropolitan Life
18 had a belief.

19 Q Was any investigation done to
20 determine what information was being given to
21 policyholders or proposed insureds at the time of
22 sale that would lead them to believe their
23 policies would eventually become paid-up?

24 MS. TAYLOR: Objection as to form. I
25 just want to clarify that Ms. Taylor would

13

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not, for instance, know about necessarily any kind of investigation or audit that was done because she's not in the Auditing Department and there could have been something separate from the natural work team that's in documents that she's unaware of.

She can answer to the best of her recollection.

A I don't know about an investigation being done.

Q Let's talk about in this document.

On page three again there is a Solution section, says:

"We need to better educate customers and Account Representatives about the APP concept."

Do you see that?

A Yes.

Q How was it determined that customers needed to be educated about the APP concept?

A Again it's going back to the information that was coming from the members who represented the customer service unit on the team

14

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2 and they were telling us that customers were using
3 the terms "paid-up" and so that we clearly
4 understood there had to be some confusion there
5 because the policies weren't paid-up and we wanted
6 to make sure the customers knew that in their
7 discussions with the customer service unit or at
8 any time during the process when AP was discussed.

9 Q Were the customer service
10 representatives trained in any certain way to
11 address questions which policyholders had with
12 respect to the Accelerated Payment Plan?

13 MS. TAYLOR: Objection as to form.
14 Lack of foundation.

15 A Again I don't know about the training
16 that the customer service reps had, but I do know
17 we received a feedback from members on the team
18 that basically said they were answering the
19 questions, but I don't know about the training.

20 Q What was the proposed method by which
21 customers should be educated about the Accelerated
22 Payment Plan?

23 MS. TAYLOR: During what time period?

24 Q Talking about this 1992, '93 time
25 period?

15

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2 A With respect to this proposal we are
3 reading now, it included a discussion about a
4 consumer brochure that could be given to customers
5 that discussed the Accelerated Payment
6 Arrangement, that could be given to the prospects
7 either at the point of sale or any other time they
8 had questions.

9 Q What about policyholders who had
10 already been sold policies?

11 A That consumer brochure could be given
12 to either customer, either if AP was being
13 discussed during the sales process or customers
14 who were already on the Accelerated Payment
15 Arrangement.

16 Q Is that something that was done?

17 A It's my understanding there was a
18 brochure created that discussed AP.

19 Q Is that the Straight Talk on AP?

20 A It was a brochure called the
21 Accelerated Payment Arrangement. That was the
22 more customer-oriented brochure that could be used
23 by the reps as well as the customers, either
24 customers on AP or during the point of sale.

25 Q Is that brochure something that was

16

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2 mailed to customers who had already been sold
3 policies using the accelerated plan illustrations?

4 A I don't believe that was mailed to
5 customers on a corporate-wide basis. Surely
6 representatives had the opportunity to mail that
7 brochure to their customers or deliver it to them.

8 Q Is that something they were required
9 to do?

10 A I don't believe they were required to
11 do it, no.

12 Q What was the reason why those
13 brochures weren't mailed to all customers who had
14 previously been sold a policy using an Accelerated
15 Payment Plan illustration?

16 A One, I don't believe the customer
17 knew every customer that was shown the Accelerated
18 Payment Arrangement illustration at the point of
19 sale.

20 Q Say that again?

21 A The company didn't know all customers
22 that were shown Accelerated Payment Arrangement
23 illustration at the point of sale.

24 Q What about the known customers? What
25 was the reason why brochures of that type weren't

17

1 WILHELMENIA TAYLOR

2 mailed to the known customers who the company did
3 know had been sold the policy using an Accelerated
4 Payment Plan illustration?

5 A It's my recollection --

6 MS. TAYLOR: I'm sorry. Objection as
7 to form. I think you are misstating facts.
8 There was I believe another brochure sent
9 to people on AP.

10 A There was another brochure sent to
11 customers. It was called I believe the ABC's of
12 Dividends. In that ABC's of Dividends, it also
13 discussed the Accelerated Payment Arrangement and
14 that was mailed to customers.

15 Q To all customers?

16 A Not to all customers, no.

17 Q Who was it mailed to?

18 A I don't remember exactly the
19 population of the customers. I knew it was mailed
20 to customers where the Accelerated Payment
21 Arrangement may or may not be used. I think there
22 is a document in there that talked about exactly
23 who was the audience for the brochure. I don't
24 remember who the audience was.

25 Q What was the name of that brochure?

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2 A I believe it was called the ABC's of
3 Dividends.

4 Q What year was that produced?

5 A I can't recall, but there is a
6 document that talks about when it was produced and
7 distributed.

8 Q Is that something you can identify, a
9 document?

10 A If you showed it to me, I could say
11 that's it.

12 MS. TAYLOR: I think it might have
13 been in the materials that you identified
14 in that list, in the 150 something
15 documents.

16 Q Getting back to this page, page three
17 of the proposed strategy. What was the proposed
18 strategy to educate Account Representatives as to
19 the Accelerated Payment Plan or arrangement?

20 A It's my recollection that there was a
21 training piece or, how could I describe it,
22 something called I believe Straight Talk about AP.

23 That was distributed to the field as
24 well as the accelerated customers brochure we
25 spoke about a few minutes ago.

19

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2 The way the brochure was constructed,
3 I believe it was a question and answer series and
4 provided information to any reader, whether a
5 customer prospect or other rep.

6 In addition to that, the Straight
7 Talk about AP was also distributed to the field.

8 MS. TAYLOR: I wanted to mention

9 we're going to designate the transcript,
10 from the deposition taken on September 26,
11 as confidential, pursuant to the Protective
12 Order and also designating this transcript
13 as confidential pursuant to the Protective
14 Order and Ms. Taylor will read and sign all
15 of the transcripts.

16 Q Were Account Representatives
17 instructed to go and visit their clients and
18 explain any particular aspect of the Accelerated
19 Payment Plan to them?

20 MR. LABOVITZ: Excuse me, what time
21 frame are you referring to?

22 MR. BARTHOLOMAEI: The same time
23 frame. Sometime in 1992 or '93.

24 MS. TAYLOR: What was the question?

25 Q Whether Account Representatives were

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20

2 instructed to go out and visit their customers and
3 explain any aspect of the Accelerated Payment Plan
4 to them?

5 A It's my recollection that when
6 changes in the dividend scales were announced,
7 that representatives were encouraged to discuss
8 the impact of dividends on their customers.

9 Accelerated Payment customers would definitely
10 fall in that category.

11 Q How were they encouraged to do that?

12 A I believe the release to the field
13 basically discussing the dividend change said, I
14 don't remember the exact words, encouraged them to
15 discuss the impact of dividends on their
16 policyholders policies.

17 Q Is that something that's referred to
18 the Accelerated Payment Plan specifically?

19 A I don't really recall, but it may
20 have. If we looked at the releases, I can tell
21 you if it said it or not.

22 Q The document we are looking at refers
23 to:

24 "Training guide to be used by Branch
25 Managers and District Sales Managers to use in

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2 educating newly hired reps about the APP process."

3 Is that something actually produced
4 or created.

5 A It's my recollection that the
6 Straight Talk about AP was the vehicle that was
7 used to, the Straight Talk about AP as well as the
8 consumer brochure, I believe those were the items

9 that were used to provide a representative with
10 more information about AP. I don't believe it had
11 the words "training manual" on it. I believe it
12 was those items. That's what I recollect.

13 Q On the same page, on page three in
14 the second paragraph under the Solution section.
15 The third sentence says:

16 "We should also consider
17 discontinuing the word "none" in the premium
18 outlay column on the illustration because it
19 fosters the idea the policy is paid-up."

20 Do you see that?

21 A Yes.

22 Q How is that determined that was
23 something that could be a solution to the problem
24 which is identified in the problem number one
25 section?

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2 MS. TAYLOR: Objection as to form.

3 A From what I can remember, it wasn't
4 necessarily that it was. It wasn't a
5 determination. It was more of an opinion.

6 The illustration was being looked at
7 more or less under a microscope to basically say
8 we're hearing from the customer service reps that

9 customers are using the words "paid-up".

10 If you take a look at the
11 illustration piece by piece and if you looked at
12 it in its entirety, there should be no confusion.
13 But if you looked at it and looked at the words
14 "none," perhaps that's some of the reasons why the
15 customers are using the words "paid-up".

16 In order to try to eliminate that
17 mind set and make sure that it was clear to
18 customers that the policies weren't paid-up, it
19 was an opinion that perhaps if we did not include
20 the words "none" that the customers would be
21 looking at the illustration in a more totality
22 with a proper disclosure with respect to the
23 premium outlay rather than just the words "none".

24 We looked at every piece of the
25 illustration of the disclosure language, we looked

23

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2 at the premium at the lay column and said, okay,
3 perhaps that's why they are doing it, they are
4 looking at the premium outlay and not looking at
5 the disclosure language on the bottom.

6 Q I'm not quite sure I understand.
7 What was it about the word "none" that came to
8 lead you to believe that customers were forming a
9 belief that the policies were paid-up?

10 A The only way I can describe it, I
11 looked at the illustration, a group of us, the AP
12 natural work team, myself included.

13 When we looked at the illustration as
14 a whole, there appeared to us there should be no
15 confusion as to how the Accelerated Payment
16 arrangements work if the policy wasn't paid-up.
17 Since we were hearing fed-up customers were
18 calling up and using the term "paid-up," we
19 started looking at each piece of the illustration
20 and said perhaps this word might be causing some
21 confusion.

22 Q Was there a proposed alternative of
23 using the word "none"?

24 A No. It was just an observation and
25 there was no alternative to "none". It was just

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24

2 an observation.

3 Q It says here the word "none" fosters
4 the idea that the policy is paid-up. Right?

5 A Yes, that's what it says.

6 Q How is it determined that the word
7 "none" fostered the idea the policy is paid-up?

8 MS. TAYLOR: Objection as to form.

9 Asked and answered.

10 A Again, if you looked at the
11 illustration in its entirety, there should have
12 been no confusion, at least the group didn't
13 belief there should be any confusion as to the how
14 the Accelerated Payment Arrangement work.

15 If you took that out of context and
16 just looked at the word, you might believe there
17 were no premiums due on the policy.

18 Q When you say when the natural work
19 team was looking at the illustration, you thought
20 there should be no confusion about the
21 illustration, who were the members of the natural
22 work team? We may have gone over this before. Is
23 that something you can identify now?

24 A There is a document, several
25 documents in there that listed the natural work

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2 team with names.

3 From what I can remember, there were
4 members from the administrative section which
5 would handle the actual request; customer service
6 folks; people from communications; marketing.
7 That kind of a group. But I don't remember the
8 exact names of all the individuals.

9 Q How were the people chosen for the
10 natural work team?

11 A I don't know how the people were
12 chosen. I just know my boss told me I would be on
13 the natural work team.

14 Q What was the degree of familiarity
15 with the Accelerated Payment Plan of the members
16 of the natural work team?

17 MS. TAYLOR: Objection as to form.

18 A I don't know what degree they had,
19 the familiarity.

20 The members of the work team, like I
21 said, customer service people who processed the
22 actual request for AP, people in communications
23 who may not even have been involved in the
24 original communication but they were just people
25 familiar with writing communications, and myself.

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2 So I don't know what degree they had of
3 involvement.

4 Q Were people generally experienced
5 with the workings of the Accelerated Payment Plan?

6 MS. TAYLOR: Objection.

7 A Some were and some weren't.

8 Q Anyone on the actuarial department on
9 the natural work team?

10 A Not that I can remember.

11 Q Look at the next page, page four.

12 What I want to know, there is a variety of
13 solutions, again detailed on the bottom in
14 response to the problem #2, which says:

15 "Policyholders Who Fail Eligibility
16 Testing Must Pay the Entire Premium
17 Out-Of-Pocket".

18 The question is, which, if any, of
19 these solutions were actually implemented to solve
20 what's identified as problem #2?

21 A Any particular time frame?

22 Q Again I'm asking after the creation
23 of this document, the date of it is November 18,
24 1993?

25 A I believe that there came a time, I

27

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2 believe it's in the documents, that there was
3 alternatives offered to the customer. I'm not
4 sure about number, the D, I'm not sure about D.
5 The other ones sound familiar.

6 Q A, B and C?

7 A Yeah.

8 Q Anything other than what's listed on

9 this document that was either implemented or
10 proposed to address what I just identified as
11 problem #2?

12 A There was a long list of, there were
13 several options. If you show me -- there was a
14 document in there, pretty large document I believe
15 that talks about alternatives, payment options for
16 the Accelerated Payment Arrangement. I'm not sure
17 if they match up one-to-one. We can go over them.
18 I think they're in the pile.

19 Q Let's look at the next page. This is
20 something I asked you about when we started the
21 deposition, whether there was a tracking system
22 for Accelerated Payment Plan policies.

23 I believe this section refers to a
24 proposal that it should be somehow indicated on
25 the application whether a policy was being sold

1 WILHELMENIA TAYLOR

2 using the Accelerated Payment Plan illustration;
3 is that right?

4 MS. TAYLOR: Objection as to the term
5 "Accelerated Payment Plan" policies.

6 Q Do you see that under Solutions,

7 A Right. I just want to make sure, in
8 the original part of your question you mentioned

9 the word whether it was illustrated. The concept
10 would have been used without using an
11 illustration, just discussing.

12 Could you repeat the question again?

13 Q Was such a tracking system ever
14 implemented?

15 A Not that I am aware of.

16 Q What was the reason why a tracking
17 system was not implemented?

18 A I don't know the reason why either.

19 Q Did you receive any feedback as to
20 your solutions in this proposed strategy? I'm
21 talking about the document in general now.

22 A It's my recollection that, as part of
23 the natural work team, what we began doing was
24 focusing on the communications aspect, the ABC's
25 of Dividends, the Accelerated Payment brochure,

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2 customer letters, but I don't remember getting
3 like a response back on the memo that said, forge
4 ahead, go ahead and do this, don't do that.

5 I don't remember getting something
6 like that.

7 Q Was this followed up on the
8 suggestion that there be a tracking system?

9 A In my review of the documents in
10 preparation for the deposition, I believe there is
11 documents in there that discussed that, but I
12 don't remember receiving that during the time
13 frame this document was released.

14 Q Could you look at page six, please,
15 Section 1. It says Proposed Action.

16 "As mentioned earlier, we need to
17 improve disclosure information on APP
18 illustrations."

19 What disclosure information is that
20 referring to?

21 A This document is discussing a cover
22 page and I'm reading the wording that's in this
23 memo, but I really -- I'm having a hard time
24 reading through these letters. Sorry.

25 MS. TAYLOR: What page are you

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2 reading from?

3 MR. BARTHOLOMAEI: Page six, Section
4 1, Proposed Action number 1.

5 MS. TAYLOR: Okay.

6 A It appears that we were talking about
7 adding a new, adding a new page that would include
8 the wording that's listed here on Proposed Action
9 number 1.

10 Q That's the CLU wording?

11 A I don't even remember what that is
12 now.

13 Q Why was it suggested that this
14 wording be added to the Metropolitan Life APP
15 illustrations?

16 A I believe, trying to remember back, I
17 think that the group thought that it would just
18 enhance what was already there.

19 MS. TAYLOR: Do you want me to have
20 someone blow that up? Can we take a break.
21 She is refreshing her recollection with a
22 document that the print is small. I'm
23 going to have it blown up.

24 (RECESS TAKEN) (AFTER RECESS)

25 MS. TAYLOR: Is that any better?

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2 THE WITNESS: Yes.

3 (RECORD IS READ)

4 A It's my recollection that the APP
5 natural work team believed that based on the,
6 based on what we were hearing from the customer
7 folks that were on the team, we could further
8 explain the APP Arrangement on the illustration by
9 adding some additional wording.

10 It's my recollection that what's
11 included here on this document is suggestions that
12 would further explain how the arrangement worked
13 for the customer, for purposes of including it for
14 a customer to read on the illustration. That's my
15 recollection.

16 Q What was the basis for the
17 determination that this particular information
18 should be added to the Metropolitan Life APP
19 illustrations?

20 MS. TAYLOR: Objection as to form.

21 Asked and answered.

22 A Again it's my recollection based on
23 what we were hearing from members of the natural
24 work team with respect to what customers were
25 saying to them that if we enhanced what was on the

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2 illustration, it might further explain the APP
3 arrangements to the customer on the illustration
4 itself.

5 Q Is that something that was done?

6 A I believe this was done. I'm not
7 sure about each piece of it, but it's my
8 recollection that all, some, if not all of this
9 suggestion was implemented.

10 Q This information was added to the
11 illustration?

12 MS. TAYLOR: Objection as to form.

13 A I believe so.

14 Q What was the effect of the addition
15 of this information to APP illustrations?

16 MS. TAYLOR: Objection as to form.

17 A I don't know.

18 Q Was there any change in the
19 information that customers were giving to customer
20 service representatives after the change of
21 information on the APP illustrations?

22 A I believe this change took place
23 after my involvement in the AP process and
24 although I believe this change was made, I don't
25 know about the impact it had on what customers

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2 were saying. I didn't see any documents that said
3 we had any information from the feedback from
4 customer service people.

5 Q When you said your involvement in the
6 AP process ended, when was that?

7 A I believe probably late 1994, early
8 1995.

9 Q What happened at that time?

10 A I left the department then, was
11 involved in the process end. Basically assigned
12 other duties.

13 Q Probably something I should have
14 asked you earlier.

15 Maybe at this time you can describe
16 your general background with respect to the
17 Accelerated Payment Plan or what you did at
18 Metropolitan Life that involved that?

19 A I was a part of a group that was put
20 together I believe in late 1987, early 1988 to
21 mechanize the AP eligibility once a customer
22 requested it.

23 And I continued to stay involved in
24 the whole mechanization of the whole AP process at
25 Metropolitan Life until 1994 or so, early 1995.

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2 That process is documented in all the documents in
3 the reading I did before, preparing for this
4 deposition.

5 That's basically my involvement.

6 Q What does mechanization mean?

7 A As I used the term, it was a way of
8 determining if a policy was eligible to actually
9 use the Accelerated Payment Arrangement, what type
10 of communications would be sent to customers who
11 requested it who were operating on the
12 arrangement. That whole process of producing
13 letters, statements, testing for eligibility.
14 That's what I call mechanization, where someone is
15 not handling it on a case by one case,
16 case-by-case basis.

17 Q This proposed strategy document,
18 Exhibit 1, seems it goes a little bit further than
19 what you were talking before now. Was that the
20 extent of your involvement, this mechanization
21 process, or were there other things you were
22 involved with?

23 A As being part of the natural work
24 team, the natural work team, its involvement
25 included the mechanization, the communications.

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2 And as a result of having all those different
3 aspects of APP working together. That's how it
4 kind of relates to this document.

5 Q Do you have any actuarial background
6 at all?

7 A No.

8 Q Let me move onto another document

9 here.

10 (Letter, December 7, 1992, Rayl
11 to Tom LaBadia is received and marked Taylor 2 for
12 identification).

13 Q What I have just marked as Taylor
14 Exhibit 2 is a December 7, 1992 letter from Jim
15 Rayl to Tom LaBadia. The Bates number is MP
16 4011071038.

17 Ms. Taylor, if you could just take a
18 minute and look through this, I'm going to ask you
19 a few questions about it.

20 First of all, have you seen this
21 letter before?

22 A Yes. In preparation for the
23 deposition, yes.

24 Q Do you know who Mr. Rayl is?

25 A I know he was someone that worked in

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2 the Tulsa head office. That's basically it.

3 Q What about Mr. LaBadia, who is he?

4 A My recollection was that Tom LaBadia
5 was heavily involved in the systems, electronic
6 processing -- IT stuff as we call it today -- back
7 then.

8 Q The first paragraph of this letter,
9 Mr. Rayl I guess referring to a previous
10 correspondence where he says:

11 "I indicated that our Account
12 Representatives usually referred to the policy as
13 being paid-up once the AP took over."

14 The question I have, is that
15 something that was determined by Metropolitan Life
16 through any type of investigation, that Account
17 Representatives have referred to policies as being
18 paid-up once the Accelerated Payment Plan took
19 over?

20 MR. BARTHOLOMAEI: Objection as to
21 form. Lack of foundation.

22 MR. LABOVITZ: Is there another Bates
23 range? That does not appear in your list
24 of depo topics and we are looking for that
25 particular document.

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2 MR. BARTHOLOMAEI: It's possible it's
3 not on the list. I brought copies of this
4 document with me here today for that
5 reason.

6 MR. LABOVITZ: Okay.

7 A I don't know anything about an
8 investigation of this type.

9 Q Was any feedback received from
10 customers like you described earlier, people who
11 called the 800 number, by whatever means it was
12 that Account Representatives have been telling
13 them their policy was paid-up, quote/unquote, when
14 the Accelerated Payment Plan took over?

15 A The feedback I recall getting
16 especially on the AP natural work team was that
17 customers were using this term when describing
18 their request to be on AP. I didn't hear about
19 representatives using this term.

20 Q When you say customers were using the
21 term "paid-up", was any inquiry made from the
22 customers as to where they were getting that term
23 from?

24 A I don't know. I don't know what the
25 customer service reps actually asked them. I know

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2 in our meetings they explained to them the policy
3 wasn't paid-up if they were asking for the
4 Accelerated Payment Arrangement.

5 Certain customers when called up
6 asked about that. When they were talking about
7 the Accelerated Payment Arrangement, customer
8 service reps explained how that arrangement worked
9 rather than paid-up.

10 Q The term "paid-up", is that a term
11 used at Metropolitan Life?

12 A It's a term they use in the entire
13 insurance industry. There are policies that can
14 become paid-up.

15 Q What does paid-up mean?

16 MS. TAYLOR: Objection as to form.

17 Asked and answered.

18 A Paid-up means there are no premiums
19 due on the policy. The policy does not have any
20 premiums that must be paid because there are no
21 premiums due.

22 Q On the Accelerated Payment Plan
23 illustration we talked about earlier there is a
24 column that says "none" as far as the premium
25 outlay column. Is that "none" referring to the

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2 fact at that point in premiums are due?

3 A No.

4 Q What does that refer to?

5 A That's referring to the fact, with
6 respect to monies being paid out-of-pocket by the
7 customer, if dividends are sufficient, the
8 customer does not have to have a premium outlay

9 out-of-pocket. Premiums are paid in another
10 fashion using the dividends.

11 Q In those brochures we talked about
12 earlier, was it discussed that Account
13 Representatives should not use the term "paid-up",
14 rather when providing information to customers
15 with respect to their Accelerated Payment Plan
16 illustration?

17 MS. TAYLOR: Do you have the
18 documents? I think it would be helpful if
19 you showed them to her.

20 MR. BARTHOLOMAEI: I don't think I
21 do.

22 MS. TAYLOR: They were in the
23 documents you identified, the Straight Talk
24 and also the brochure. She can give her
25 best recollection, but they are long

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2 documents.

3 A It is my recollection that I believe
4 the brochures included wording as you described,
5 as well as the instructions to the field on how to
6 process an AP request, that it instructed the reps
7 not to use the word "paid-up". That dated back I
8 think in '80 sometime, not to use the word

9 "paid-up".

10 Q Were representatives questioned as to
11 whether they were using the term "paid-up"?

12 MS. TAYLOR: During what time period?

13 MR. BARTHOLOMAEI: After the time
14 period --

15 Q The time period I'm most concerned
16 about, what I want to know about is from late 1992
17 in through 1993 when these documents were
18 generated. The date of this one is December 7,
19 1992. The one we are looking at right now.

20 MS. TAYLOR: I want to note that Ms.
21 Taylor is not in the customer complaint
22 area. There could have been customer
23 complaints and conversations with reps that
24 she would not necessarily be privy to and I
25 don't think she would have knowledge as to

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2 whether anyone in the entire company ever
3 questioned a rep. She can give her best
4 answer to that question.

5 MR. BARTHOLOMAEI: I understand that.
6 I really want to know about Metropolitan
7 Life policy or procedure.

8 Q Whether they, being the company, at
9 some point either sent out a questionnaire or did
10 some type of investigation or had some
11 communications with their representatives as to
12 whether they were using the term "paid-up" at the
13 point of sale in connection with an Accelerated
14 Payment Plan?

15 A I don't have any information. I
16 don't know, I don't recall, reading the documents
17 before coming to this deposition, that that would
18 occur, but as far as a questionnaire, information
19 was included in documents sent out to reps like
20 the brochure, the Straight Talk, the ABC's of
21 Dividends that spoke to that issue regardless of
22 whether we knew the rep was using it or not.

23 It was basically told to any rep they
24 should not be using, using these vehicles. They
25 should not be using that term.

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2 Q Besides the brochures we talked
3 about, were policyholders contacted in any way on
4 an individual basis to give them information about
5 their policy, the policy that had been sold using
6 an APP?

7 MS. TAYLOR: Objection as to form,
8 lack of foundation. I don't know she would
9 know about specific sales reps.

10 MR. BARTHOLOMAEI: I'm asking about a
11 policy that the company instituted.

12 Q Some type of directive or policy
13 where policyholders were to be contacted on an
14 individual basis besides sending a mass mailing of
15 brochures, all reps have to go and contact known
16 policyholders where the policy had originally been
17 sold using the Accelerated Payment Plan?

18 A I don't believe the company told reps
19 they must contact policyholders sold using the AP
20 concept, but it was recommended that reps discuss
21 the AP Arrangement with their customers.

22 Q When was that?

23 A I believe probably, maybe arranged
24 1992 or so, 1993. I'm not sure exactly what the
25 dates were.

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2 From what I can recall, from when the
3 first dividend deduction occurred, the company
4 suggested the reps contact their customers where
5 Accelerated Payment Arrangement might be something
6 the customer, the sale may have involved the use
7 of the Accelerated Payment Arrangement discussed
8 during the sale.

9 Q Why was it suggested they contact the
10 customers and not require the sales
11 representatives contact these people?

12 A My recollection being involved in AP
13 at that time was that one year's dividend scale
14 reduction may not necessarily mean that it would
15 have a negative impact on the AP eligibility year,
16 but that it may. I believe that was the first
17 year that dividends were reduced at Metropolitan
18 Life.

19 It was something that the company
20 thought should be discussed with the policyholders
21 because it may have an impact on customers that
22 were sold with the AP Arrangement.

23 It wasn't definite, but suggested
24 that reps talk to their customers about it since
25 it was the first year that dividends were reduced.

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Q At some point did it become definite?

3

A What?

4

Q You said it wasn't definite, I assume
5 you are referring to the policies would be
6 affected in any way because of one year's dividend
7 reduction; is that right? Is that what you are
8 referring to?

9

A What I'm referring is that the
10 dividend scale reduction that took place in 1992
11 may or may not have had an effect on the AP
12 eligibility year for an individual customer.

13 So at that time, since dividends are
14 used in the payment of premiums on the AP
15 Arrangement, it was suggested that the
16 representatives who had customers that were sold
17 on the AP Arrangement discuss the dividend scale
18 reduction with their customers when they were
19 notified of the change.

20 Q The next question I wanted to ask, at
21 some point did it become definite the policy you
22 just described would be affected by what was going
23 on with the dividend scale at Metropolitan Life?

24 MS. TAYLOR: Objection as to form. I
25 believe she addressed this at the last

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2 deposition and explained it depends on the
3 facts and circumstances, the issue date of
4 the policy, what activity -- I think we
5 went over this before.

6 MR. BARTHOLOMAEI: I remember and I
7 reviewed the transcript. This is the point
8 we ended on last time. I believe the last
9 question of the deposition was whether the
10 dividend scale ever went back up after 1992
11 in Metropolitan Life.

12 Q I believe you said it had not?

13 A I believe that's correct.

14 MS. TAYLOR: Went back up from what
15 year, though?

16 MR. BARTHOLOMAEI: Prior to 1992.

17 MS. TAYLOR: Whether there is an
18 increase or decrease, you have to say
19 specifically. You are saying did the scale
20 in effect in 1992, did it ever go above
21 that?

22 MR. BARTHOLOMAEI: I understand what
23 you are saying.

24 Q That Metropolitan Life never
25 increased its dividend scale after 1992? Is that

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2 right?

3 A I believe that's correct.

4 Q At some point did it become definite
5 that all policies sold prior to 1992 would not
6 perform as illustrated where an APP illustration
7 was used at the point of sale?

8 MR. LABOVITZ: Object to the form.

9 A I don't believe it became definite,
10 no. I'm not an actuarial, I don't believe it
11 became definite all policies sold prior to 1992
12 would not perform.

13 Q Were there any policies sold prior to
14 1992, the type of policy we've been talking about,
15 that would perform as illustrated?

16 MS. TAYLOR: Objection as to form.

17 A As illustrated you are saying?

18 Q Right.

19 A To the best of my recollection, yes.

20 Q How is that possible?

21 A The best example that I can give you
22 is if a policy was illustrated, let's say in the
23 early 1980s and the then current dividend scale
24 was used in the illustration and depending on what
25 the customer, if the customer did nothing else,

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2 those policies should be eligible for AP.

3 Q You are saying because, and I believe
4 we talked about this last time too briefly before
5 the deposition ended, in the '80s the dividend
6 scale went up for a while.

7 I guess what you are referring to,
8 since 1992, if the amount the dividend scale

9 dropped equaled the amount it had gone up since
10 they brought their policy along with other
11 variables, it's possible the policy could perform
12 as illustrated or are you referring to something
13 else?

14 A I'm not exactly sure what you said.

15 Basically what I'm saying is if a
16 policy was illustrated in a year other than 1992,
17 which was your question and the example I gave was
18 somewhere in the '80s, those policies could
19 perform and because it's my recollection that the
20 dividend scale went down for the first time in
21 1992, the dividend scale at the time those
22 illustrations were created was used when they
23 created the illustrations, those policies should
24 perform.

25 Q How was it possible that a reduction

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2 in the dividend scale in 1992 would not affect
3 illustration of one of the policies you are
4 talking about?

5 MS. TAYLOR: Objection as to form.
6 It calls for speculation.

7 I want to clarify something. You are
8 talking about every number on the :
9 illustration?

10 MR. BARTHOLOMAEI: Perform as
11 illustrated.

12 MS. TAYLOR: You are not just
13 talking --

14 MR. BARTHOLOMAEI: About the AP year.

15 MS. TAYLOR: Are you clear about
16 that? He is talking about every possible
17 number.

18 Q I'm talking performed as illustrated.
19 I don't see how it's possible, to put it in the
20 form of a question, is it possible if you
21 illustrated the policy in '93 and the dividend
22 scale goes up the next year, the policy will
23 perform as illustrated on the illustration?

24 A I thought the questioning was
25 surrounding the AP year. Sorry.